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8 UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

9 In re

10 EASTERDAY RANCHES, INC., *et al.*

11 Debtors.¹

12 EASTERDAY RANCHES, INC. and
13 EASTERDAY FARMS,

14 Plaintiffs,

15 v.

16 ESTATE OF GALE A. EASTERDAY
17 (DECEASED), KAREN L. EASTERDAY,
18 CODY A. EASTERDAY, AND DEBBY
19 EASTERDAY,

20 Defendants.

21 ESTATE OF GALE A. EASTERDAY
22 (DECEASED), KAREN L. EASTERDAY,
23 CODY A. EASTERDAY, AND DEBBY
24 EASTERDAY,

25 Counterclaim Plaintiffs,

26 v.

EASTERDAY RANCHES, INC. and
EASTERDAY FARMS,

Counterclaim Defendants.

Chapter 11

Lead Case No. 21-00141-WLH11
Jointly Administered

Adv. Pro. No. 21-80050 (WLH)

**ORDER BIFURCATING
PHASES OF ADVERSARY
PROCEEDING PURSUANT TO
FED. R. CIV. P. 42 AND FED. R.
BANKR. P. 7042**

¹ The Debtors along with their case numbers are as follows: Easterday Ranches, Inc. (21-00141) and Easterday Farms, a Washington general partnership (21-00176).

1 Upon consideration of the statements of counsel at the hearings on December
2 21, 2021 and January 12, 2022 in the above-captioned adversary proceeding (the
3 “Adversary Proceeding”) and for the reasons stated on the record by the court,

4 **IT IS HEREBY ORDERED THAT:**

5 1. Pursuant to Federal Rule of Civil Procedure 42 and Federal Rule of
6 Bankruptcy Procedure 7042, the Adversary Proceeding shall be heard in three
7 consecutive phases.

8 2. Phase 1 Issues. Phase 1 shall consist of a trial regarding: (a) the extent
9 of Defendants’ interests in the Disputed Property, as that term is used in the
10 *Complaint (I) to Determine Validity, Priority, or Extent of Interests in Property and*
11 *(II) for Declaratory Judgment* [Adv. Proc. Docket No. 1],² including all affirmative
12 defenses thereto now pending or hereafter approved; and (b) adjudication of the First
13 Counterclaim seeking specific performance of the Cooperation Agreement, as
14 alleged in Karen L. Easterday’s and Cody and Debby Easterday’s *Answer,*
15 *Affirmative Defenses, and Counterclaims to Complaint (I) To Determine Validity,*
16 *Priority, or Extent of Interests in Property; and (II) For Declaratory Judgement*
17 [Adv. Proc. Docket Nos. 14 and 15] (the “Easterday Counterclaims”) (collectively,
18 the Phase 1 Issues”).

19 3. Phase 2 Issues. To the extent required, and subject to a further
20 scheduling order at the conclusion of Phase 1, Phase 2 shall consist of a trial solely
21 with respect to the value of the Defendants’ ownership interest (if any) in the
22 Disputed Property subject to the court’s rulings in Phase 1 (the “Phase 2 Issues”).

23 4. Phase 3 Issues. To the extent required, and subject to the entry of a
24 further scheduling order at the conclusion of Phase 2, Phase 3 shall consist of a trial
25 regarding the Second, Third and Fourth Counterclaims contained in the Easterday
26

² For the avoidance of any doubt, for purposes of this Order, the term “Disputed Property” includes real property, water rights appurtenant to the real property, and improvements on the real property.

Counterclaims as to the ownership and value of each Plaintiff's interest (if any) in the Disputed Property subject to the court's rulings in Phases 1 and 2 (the "Phase 3 Issues").

5. The court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation of this Order.

/// END OF ORDER ///

Presented by:

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